



**ALAMEDA COUNTY CONGESTION
MANAGEMENT AGENCY**

BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2009

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ALAMEDA COUNTY CONGESTION MANAGEMENT AGENCY

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1
Management's Discussion and Analysis	3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	8
Statement of Activities	9
Fund Financial Statements:	
Balance Sheet - Governmental Funds	10
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	11
Reconciliations of Fund Financial Statements to Government-wide Financial Statements	12
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual - General Fund	13
Notes to Basic Financial Statements	14
Combining Statements:	
Combining Balance Sheet – Non-major Governmental Funds	24
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-major Governmental Funds	25
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	26
Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with <i>OMB Circular A-133</i>	28
Schedule of Expenditures of Federal Awards	30
Notes to Schedule of Expenditures of Federal Awards	31
Schedule of Auditors' Results, Findings and Questioned Costs	32

INDEPENDENT AUDITORS' REPORT

The Board of Directors

Alameda County Congestion Management Agency:

We have audited the accompanying basic financial statements of the Alameda County Congestion Management Agency (the "Agency") as of and for the year ended June 30, 2009, listed in the foregoing table of contents. These basic financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of June 30, 2009, and the changes in its financial position and respective budgetary comparisons for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The combining statements on pages 24 and 25 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

INDEPENDENT AUDITORS' REPORT (Continued)

In accordance with *Government Auditing Standards*, we have also issued our report dated _____, 2009, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 7 is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the Agency. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

_____, 2009

**ALAMEDA COUNTY CONGESTION MANAGEMENT AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2009**

This section of the Alameda County Congestion Management Agency (the Agency) annual financial report presents a discussion and analysis of the Agency's financial performance during the fiscal year ended June 30, 2009. Please read it in conjunction with the Agency's basic financial statements and notes to those statements following this section. The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements.

Overview of the Financial Statements

As required by the Governmental Accounting Standards Board, the Agency's principal financial statements include the following:

- A Statement of Net Assets (showing agency wide assets and liabilities)
- A Statement of Activities (showing agency wide revenues and expenses)
- A Balance Sheet (showing assets and liabilities by fund)
- Statements of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (showing revenues and expenses for the General Fund, Exchange Fund and the Non-major Governmental Funds which include the Transportation Fund for Clean Air (TFCA Fund) and the Measure B Fund.
- A Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual for the General Fund (showing budget versus actual revenue and expenses)

Financial Highlights

Financial highlights for the fiscal year ended June 30, 2009, include the following:

- The Agency's total net assets was \$9,191,792 an increase of \$1,785,531 from the prior fiscal year (see Statement of Activities, page 9).
- The Agency's total revenues increased by 11.26% from \$36,335,880 for fiscal year 2007-08 to \$40,428,431 for the past year due to increases in project activity. Similarly, the Agency's expenditures increased by 1.4% from \$37,972,150 in fiscal year 2007-08 to \$38,505,536 in fiscal year 2008-09 in response to increased project activity (see Statement of Activities, page 9).
- The Agency's cash and investments (restricted and unrestricted) totaled \$19,643,058 a increase of \$3,436,456 or 21.2% from the prior fiscal year (see Statement of Net Assets, page 8).

- The General Fund reported a net increase in fund balance for the year of \$303,240 (see Statement of Revenues, Expenditures and Changes in Fund Balance, page 11).

Financial Information

The Agency maintains four funds: General Fund, Transportation Fund for Clean Air, Exchange Fund and Measure B Fund. Following is a discussion of the results of operations of each fund during fiscal year 2008-09:

General Fund – The Agency uses the General Fund as its chief operating fund. This fund is used for preparing the Congestion Management Plan and programming federal, state and local funds to implement the plan. The Agency’s focus is on assisting sponsors in delivering currently funded or programmed projects. The following table shows General Fund revenues and expenditures for the two most recent fiscal years:

	<u><i>FY 2008-09</i></u>	<u><i>FY 2007-08</i></u>	<u><i>Change</i></u>
Total Revenues	\$ 33,311,590	\$ 26,893,872	23.9 %
Total Expenditures	33,008,350	27,927,587	18.2
Excess of Revenues Over (Under)			
Expenditures	303,240	(1,033,715)	129.3
Operating Transfer In	-	-	(100.0)
Net Change in Fund Balance	303,240	(1,033,715)	(199.7)
Beginning Fund Balance	(350,229)	683,486	(151.2)
Ending Fund Balance (Deficit)	<u>\$ (46,989)</u>	<u>\$ (350,229)</u>	<u>(86.6) %</u>

As can be seen from Table 1, total General Fund revenues increased during the last fiscal year by 23.9% due to increases in project activity. General Fund expenditures increased 18.2%. Fund balance increased by \$303,240, leaving an ending fund balance deficit of \$46,989. This deficit will be covered by future unrestricted General Fund revenues.

The Agency receives revenue from a wide variety of sources. The table below demonstrates the diversity of revenue sources to the General Fund during the past fiscal year:

Table 2 - General Fund Revenue Sources

	<u>Revenues</u>	<u>Percent of Total Revenue</u>
Member Agency Fees	\$ 921,924	2.8 %
Metropolitan Transportation Commission	12,591,473	37.8
CalTrans	9,253,667	27.8
Transportation Fund for Clean Air	252,459	0.8
Bay Area Air Quality Management District	435,039	1.3
AC Transit	1,952,242	5.9
Other(incl. TVTC)	2,346,052	7.1
ACTIA/ACTA	4,639,022	13.9
Revenue from Exchange Fund	919,349	2.8
Miscellaneous	364	0.0
Total General Fund Revenues	<u>\$ 33,311,591</u>	<u>100.0 %</u>

Exchange Fund – Under the Exchange Program, the Agency entered into agreements with several local agencies to exchange the Agency's state or federal funds with other governments' local funding for various transportation projects. This program is used to expedite projects by giving project sponsors the flexibility of using local funds rather than more restrictive state or federal funds.

The Agency has entered into exchange agreements with the following agencies through June 30, 2009:

AC Transit	\$35,060,514
BART	8,100,000
Berkeley	259,560
Dublin	4,230,000
Fremont	4,477,900
Livermore	3,600,000
MTC	750,000
Union City	<u>9,314,000</u>
Total Exchanged Funds	65,791,974

These exchanges were recognized as deferred revenue in the government-wide financial statements at the time the Agency entered into exchange agreements, and are being recognized as revenue when qualifying expenses are incurred. \$52.7 million of these exchanged funds have been collected and \$44.1 million has been expended as of June 30, 2009.

Transportation Fund for Clean Air – This program generates about \$1.7 million annually for Alameda County transportation projects that improve air quality. In the past, the Agency has used these funds to support an array of projects such as shuttle buses, transit information, bicycle projects, regional ridesharing, the Guaranteed Ride Home Program and signal coordination.

Measure B Fund – Final settlement in FY 2008/2009, a check for the balance of \$16,720 was issued to ACE in the beginning of FY 2008/2009.

Agency-wide - Expenses increased by 1.4% in fiscal year 2008-09 from the prior year. Program Revenues (those revenues available to the Agency through grants from agencies such as the Metropolitan Transportation Commission, CalTrans, Alameda County's Measure B and others) increased by 31.4% from fiscal year 2007-08 due to increased project activity. General Revenues (which include revenues from the Exchange Fund and annual dues from member agencies) decreased by 33.8% between fiscal years 2007-08 and 2008-09 primarily as a result of using more Exchange Program revenue to fund projects. Changes in both revenues and expenditures since the prior year are summarized as follows:

Total Expenses	\$ 38,642,900	\$ 37,421,422	3.3 %
Total Program Revenues	32,987,049	25,101,090	31.4
Net Program Expenses	(5,655,851)	(12,320,332)	(54.1)
General Revenues	7,441,382	11,234,790	(33.8)
Change in Net Assets	1,785,531	(1,085,542)	(264.5)
Beginning Net Assets	7,406,261	8,491,803	(12.8)
Ending Net Assets	<u>\$ 9,191,792</u>	<u>\$ 7,406,261</u>	<u>24.1 %</u>

The Agency's net assets decreased by 149% between fiscal years 2007-08 and 2008-09. A summary of the Agency's Statement of Net Assets, as shown on page 8, is presented below:

Table 4 - Total Assets and Liabilities

	<u>FY 2008-09</u>	<u>FY 2007-08</u>	<u>Percent Change</u>
Total Assets	\$ 35,370,423	\$ 44,314,521	(20.2) %
Total Liabilities	39,043,618	36,908,260	5.8
Total Net Assets	<u>\$ (3,673,195)</u>	<u>\$ 7,406,261</u>	<u>(149.6) %</u>
Components of Net Assets:			
Restricted	\$ 8,776,175	\$ 7,156,521	
Unrestricted	(46,988)	(350,229)	
Invested in Capital Assets	462,605	599,969	
	<u>\$ 9,191,792</u>	<u>\$ 7,406,261</u>	

Budget vs. Actual – General Fund - As shown on the Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual for the General Fund on page 13, significant variances exist between the original and final budget amounts and what was finally recorded as actual revenues or expenditures at year-end. The primary reason for the differences between the original and final budget is that the budget is developed in anticipation that funding agreements and authorizations will be forthcoming from either Caltrans or the FWHA in a timely manner. During this last fiscal year, the state's fiscal crisis postponed many decisions that, in turn, delayed the issuance of the required funding authorizations. As a consequence, projects schedules were pushed back due to the absence of necessary funding. With regard to the variance between final budget and actual, the differences are almost entirely due to project work being either accelerated or delayed near

the end of the fiscal year. While overall project budgets remained the same, the allocation of revenue and expenditures shifted between fiscal years, and in so doing, deviated from budget expectations. For these reasons, the variance between final budget and actual for revenues (38.75%) approximated the variance for expenditures (39%).

Summary of Known Facts, Decisions or Conditions:

Assembly Bill 744, sponsored by Assemblyman Torrico, would, if enacted, amend the Streets and Highway Code to authorize the Bay Area Toll Authority (BATA) to acquire, construct, administer, and operate a value pricing high-occupancy vehicle network program, otherwise known as high-occupancy-toll (HOT) lanes, on state highways within the geographic jurisdiction of the Metropolitan Transportation Commission. Due to continued controversy and debate on the bill, it was changed to a two-year bill. As a consequence of this action, the CMA will be required to operate and maintain the HOT lane on the southbound portion of I-680 extending from Highway 84 in the City of Pleasanton to Highway 237 in the City of Milpitas. This project, the I-680 Express Lane Project is under construction and is scheduled to open in the late summer of FY 2010/11.

In addition, the CMA and the Alameda County Transportation Improvement Authority (ACTIA) have initiated discussions on ways the two agencies can share or combine efforts in order to increase administrative efficiencies and achieve economies in administrative operations. An ad-hoc committee composed of Board members of both the CMA and ACTIA was formed in May, 2009 to lead these discussions. Consultants have also been retained to investigate, recommend and prepare a proposed implementation plan for those functional areas in which efficiencies and economies can potentially be achieved. That contract was for a total of \$48,900 which was to be divided and paid equally between the CMA and ACTIA.

Requests for Information

This financial report is designed to provide a general overview of the Agency's finances for all those interested in government finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of Accounting at 1333 Broadway, Suite 220, Oakland, CA 94612.

ALAMEDA COUNTY CONGESTION MANAGEMENT AGENCY
STATEMENT OF NET ASSETS
JUNE 30, 2009

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ASSETS

Cash and Investments	\$ 12,122,204
Restricted Cash and Investments	7,520,854
Accounts Receivable	15,156,491
Interest Receivable	66,774
Prepaid Items	41,495
Capital Assets, Net of Accumulated Depreciation	<u>462,605</u>
Total Assets	<u><u>35,370,423</u></u>

LIABILITIES

Accounts Payable	6,874,959
Accrued Liabilities	240,059
Deferred Revenue	<u>31,928,600</u>
Total Liabilities	<u><u>39,043,618</u></u>

NET ASSETS

Restricted for:	
Transportation Fund for Clean Air	3,689,678
Exchange Program	<u>5,086,497</u>
Total Restricted Net Assets	<u>8,776,175</u>
Invested in Capital Assets	462,605
Unrestricted (Deficit)	<u>(46,988)</u>
Total Net Assets	<u><u>\$ 9,191,792</u></u>

The accompanying notes are an integral part of the basic financial statements.

ALAMEDA COUNTY CONGESTION MANAGEMENT AGENCY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2009

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EXPENSES

Salaries & Benefits	\$ 3,725,934
Other Postemployment Benefits	90,000
Board Meeting Per Diem	50,717
Travel & Transportation - Special Events	28,440
Training	4,111
Office Space	425,006
Office & Related	324,538
Insurance	10,119
Legal Counsel	99,891
Annual Audit	30,000
Membership	5,000
Professional Services	84,096
Legislative Advocacy	108,012
Consultants & Contractors	33,445,623
Member Agencies for Projects - TFCA	68,477
Depreciation	137,364
Miscellaneous	5,572
Total Expenses	<u>38,642,900</u>

PROGRAM REVENUES - Operating Grants and Contributions:

Metropolitan Transportation Commission	12,591,473
ACTIA/ACTA	4,639,022
CalTrans	9,253,667
Transportation Fund for Clean Air	252,459
Bay Area Air Quality Management District	1,952,134
AC Transit	1,952,242
Other	2,346,052
Total Program Revenues	<u>32,987,049</u>

Net Program Revenues	<u>(5,655,851)</u>
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GENERAL REVENUES

Member Agency Fees	921,923
Revenue from Exchange Program	6,331,248
Miscellaneous	364
Interest	187,847
Total General Revenues	<u>7,441,382</u>

Change in Net Assets	1,785,531
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Net Assets, July 1, 2008	7,406,261
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Net Assets, June 30, 2009	<u>\$ 9,191,792</u>
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The accompanying notes are an integral part of the basic financial statements.

**ALAMEDA COUNTY CONGESTION MANAGEMENT AGENCY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009**

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	<u>General Fund</u>	<u>Exchange Fund</u>	<u>Non-major Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and Investments	\$ 12,122,204			\$ 12,122,204
Restricted Cash and Investments		\$ 4,718,345	\$ 2,802,509	7,520,854
Accounts Receivable	14,256,491		900,000	15,156,491
Interest Receivable	40,186	14,807	11,781	66,774
Interund Receivable		8,685,900		8,685,900
Prepaid Items	41,495			41,495
Total Assets	<u>\$ 26,460,376</u>	<u>\$ 13,419,052</u>	<u>\$ 3,714,290</u>	<u>\$ 43,593,718</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 6,813,507	\$ 36,841	\$ 24,611	\$ 6,874,959
Accrued Liabilities	240,059			240,059
Interfund Payable	8,685,900			8,685,900
Deferred Revenue	<u>10,767,899</u>	<u>8,295,714</u>		<u>19,063,613</u>
Total Liabilities	26,507,365	8,332,555	24,611	34,864,531
Fund Balances (Deficit)	<u>(46,989)</u>	<u>5,086,497</u>	<u>3,689,679</u>	<u>8,729,187</u>
Total Liabilities and Fund Balances	<u>\$ 26,460,376</u>	<u>\$ 13,419,052</u>	<u>\$ 3,714,290</u>	<u>\$ 43,593,718</u>

The accompanying notes are an integral part of the basic financial statements.

**ALAMEDA COUNTY CONGESTION MANAGEMENT AGENCY
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2009**

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	<u>General Fund</u>	<u>Exchange Fund</u>	<u>Non-major Governmental Funds</u>	<u>Total</u>
REVENUES				
Grants:				
Metropolitan Transportation Commission	\$ 12,591,473			\$12,591,473
CalTrans	9,253,667			9,253,667
Transportation Fund for Clean Air	252,459			252,459
Bay Area Air Quality Management District	435,039		\$ 1,517,095	1,952,134
AC Transit	1,952,242			1,952,242
Other	2,346,052			2,346,052
Revenue from Member Agencies	921,923			921,923
Revenue from Exchange Program	919,349	\$5,411,899		6,331,248
ACTIA/ACTA	4,639,022			4,639,022
Miscellaneous	364			364
Interest		150,100	37,747	187,847
Total Revenues	<u>33,311,590</u>	<u>5,561,999</u>	<u>1,554,842</u>	<u>40,428,431</u>
EXPENDITURES				
Current:				
Salaries & Benefits	3,725,934			3,725,934
Other Postemployment Benefits	90,000			90,000
Board Meeting Per Diem	50,717			50,717
Travel & Transportation - Special Events	28,440			28,440
Training	4,111			4,111
Office Space	425,006			425,006
Office & Related	324,538			324,538
Insurance	10,119			10,119
Legal Counsel	99,891			99,891
Annual Audit	30,000			30,000
Membership	5,000			5,000
Professional Services	84,096			84,096
Legislative Advocacy	108,012			108,012
Consultants & Contractors	28,020,329	5,408,574	16,720	33,445,623
Member Agencies for Projects - TFCA			68,477	68,477
Miscellaneous	2,157	3,325	90	5,572
Total Expenditures	<u>33,008,350</u>	<u>5,411,899</u>	<u>85,287</u>	<u>38,505,536</u>
Net Change in Fund Balances	303,240	150,100	1,469,555	1,922,895
Fund Balances (Deficit), July 1, 2008	<u>(350,229)</u>	<u>4,936,397</u>	<u>2,220,124</u>	<u>6,806,292</u>
Fund Balances (Deficit), June 30, 2009	<u>\$ (46,989)</u>	<u>\$5,086,497</u>	<u>\$ 3,689,679</u>	<u>\$ 8,729,187</u>

The accompanying notes are an integral part of the basic financial statements.

**ALAMEDA COUNTY CONGESTION MANAGEMENT AGENCY
RECONCILIATIONS OF
FUND FINANCIAL STATEMENTS TO GOVERNMENT-WIDE FINANCIAL STATEMENTS
JUNE 30, 2009**

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**Reconciliation of Fund Balance of Governmental Funds to Net Assets on the
Statement of Net Assets:**

Fund Balances on Governmental Funds' Balance Sheet	\$ 8,729,187
Capital assets, net of accumulated depreciation, are reported on the Statement of Net Assets but not in governmental funds	<u>462,605</u>
Net Assets on Statement of Net Assets	<u><u>\$ 9,191,792</u></u>

**Reconciliation of Net Change in Fund Balances of Governmental Funds to
Change in Net Assets on Statement of Activities:**

Net Change in Fund Balances on Governmental Funds' Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 1,922,895
Depreciation expense is reported in the Statement of Activities but not in governmental funds	<u>(137,364)</u>
Change in Net Assets on Statement of Activities	<u><u>\$ 1,785,531</u></u>

The accompanying notes are an integral part of the basic financial statements.

**ALAMEDA COUNTY CONGESTION MANAGEMENT AGENCY
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2009**

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		<i>Budget</i>		<i>Variance With Final Budget - Over (Under)</i>
REVENUES	<i>Actual</i>	<i>Original</i>	<i>Final</i>	
Grants:				
Metropolitan Transportation Commission	\$ 12,591,473	\$ 15,941,383	\$ 19,649,323	\$ (7,057,850)
CalTrans	9,253,667	31,389,344	14,329,044	(5,075,377)
Transportation Fund for Clean Air	252,459	205,000	283,000	(30,541)
AC Transit	1,952,242	782,500	1,966,718	(14,476)
Other	2,781,091	3,879,000	6,039,534	(3,258,443)
Revenue from Member Agencies	921,923	921,924	921,924	
ACTIA/ACTA	4,639,022	7,540,285	9,565,285	(4,926,263)
Revenue from Exchange Program	919,349	1,763,191	1,637,000	(717,651)
Miscellaneous	364			364
Total Revenues	<u>33,311,590</u>	<u>62,422,627</u>	<u>54,391,828</u>	<u>(21,080,237)</u>
EXPENDITURES - Current:				
Salaries & Benefits	3,815,934	4,215,770	4,024,770	(208,836)
Board Meeting Per Diem	50,717	50,000	50,000	717
Travel & Transportation - Special Events	28,440	75,000	75,000	(46,560)
Training	4,111	15,000	10,000	(5,889)
Office Space	425,006	410,000	425,000	6
Office & Related	324,538	327,000	317,000	7,538
Office Furniture & Equipment		140,000	15,000	(15,000)
Insurance	10,119	10,000	10,000	119
Legal Counsel	99,891	50,000	100,000	(109)
Annual Audit	30,000	40,000	30,000	
Membership	5,000	5,000	5,000	
Professional Services	84,096	125,000	125,000	(40,904)
Legislative Advocacy	108,012	108,000	108,000	12
Consultants & Contractors	28,020,329	56,399,857	48,847,000	(20,826,671)
Miscellaneous	2,157			2,157
Total Expenditures	<u>33,008,350</u>	<u>61,970,627</u>	<u>54,141,770</u>	<u>(21,133,420)</u>
Net Change in Fund Balance	<u>\$ 303,240</u>	<u>\$ 452,000</u>	<u>\$ 250,058</u>	<u>\$ 53,182</u>

The accompanying notes are an integral part of the basic financial statements.

ALAMEDA COUNTY CONGESTION MANAGEMENT AGENCY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 1 - REPORTING ENTITY

In June 1990, California voters approved a fuel tax increase as part of Propositions 111 and 108. These propositions provide a share of the fuel tax revenues to local governments. To receive these funds, local governments must conform to a Congestion Management Program. The Alameda County Congestion Management Agency (the "Agency") was created by a Joint Powers Agreement ("JPA") dated February 20, 1991 between Alameda County, all cities in the County and four transit operators (the "Member Agencies"). The Agency is responsible for preparing, adopting, revising, amending, administering, and implementing the Congestion Management Program for Alameda County pursuant to Section 65088 at seq. of the Government Code, and providing other transportation planning and programming functions. The JPA provides for the sharing of the costs of the Agency among the Member Agencies.

The Agency's board is composed of one representative from each of the four transit operators, two representatives from the County of Alameda, one representative per 100,000 population from each city in the County, and one representative from the Bay Area Air Quality Management District. Each city's representation is adjusted following each national census.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Agency. The effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses are offset by program revenues. Direct expenses are those that are clearly identifiable with the Agency's primary functions. Program revenues consist of grants and contributions that are restricted to meeting the operational or capital requirements of the Agency. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for the Agency's governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements. Non-major funds are summarized and presented in one column of the fund financial statements.

The Agency uses the following major funds:

- *General Fund* is the general operating fund of the Agency. It is used to account for all financial resources and transactions except those required to be accounted for in another fund.

ALAMEDA COUNTY CONGESTION MANAGEMENT AGENCY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (continued)

- *Exchange Fund* is a capital projects fund used to account for the proceeds and expenditures of the Agency's Exchange Program, which is described in note 5.

Measurement Focus and Basis of Accounting

The Agency's fund financial statements are presented on a modified accrual basis of accounting. The modified accrual basis of accounting recognizes revenues when they are both "measurable and available." Measurable means the amount can be determined. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Agency considers revenues to be available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred. The modified accrual basis of accounting uses the current financial resources measurement focus whereby the balance sheet generally presents only current assets and current liabilities and the operating statement presents sources and uses of available resources during a given period. Grant revenues, local matching revenue and investment income (including the change in the fair value of investments) associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal year using the modified accrual basis of accounting.

The government-wide financial statements focus on governmental activities. The statement of net assets and the statement of activities are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Net Assets

Net assets are reported in the following categories:

- Invested in capital assets – This category includes all capital assets reduced by accumulated depreciation. The Agency has no capital-related debt.
- Restricted net assets – This category presents external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments, and restrictions imposed by law through constitutional provisions or enabling legislation. When both restricted and unrestricted net assets are available, unrestricted resources are used only after the restricted resources are depleted.
- Unrestricted net assets – This category represents net assets of the Agency that are not restricted for any project or other purpose. The deficit at June 30, 2009, will be covered by future general revenues.

ALAMEDA COUNTY CONGESTION MANAGEMENT AGENCY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

The preparation of basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Investments

Investments are stated at fair value. Included in investment income is the net change in the fair value of investments which consists of the realized gains or losses and the unrealized appreciation (depreciation) of those investments. Measurement of the fair value of investments is based upon quoted market prices, if available. The estimated fair value of investments that have no quoted market price is determined based on equivalent yields for such securities or for securities of comparable maturity, quality, and type as obtained from market makers.

Employee Benefits

By Agency policy, employees can carry over five weeks vacation benefits from year to year. The Agency has accrued \$240,058 for this liability at June 30, 2009. Sick leave benefits do not vest.

Budget

The Agency annually adopts a budget for its General Fund using the modified accrual basis. Expenditures that exceed the total approved budget are not permitted without Board approval. The Executive Director is authorized to approve expenditures in excess of budgeted line items within the three primary expenditure categories (personnel, consultants/contractors and other operating costs) in any amount as long as the total budget within each of the three expenditure categories is not overspent. Appropriations lapse at the end of the fiscal year. The Board decreased appropriations during the year for the General Fund by approximately \$7.8 million due to changes in the timing of projects and related funding.

NOTE 3 - CASH AND INVESTMENTS

As of June 30, 2009, the Agency's cash and investments were as follows:

Cash in banks and on hand	\$ 3,933,227
Investment in State Treasurer's investment pool	<u>15,709,831</u>
	<u>\$19,643,058</u>

ALAMEDA COUNTY CONGESTION MANAGEMENT AGENCY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009

NOTE 3 - CASH AND INVESTMENTS (continued)

Cash in banks is entirely insured or collateralized by the bank holding the deposit. California law requires banks and savings and loan institutions to pledge government securities with a market value of 110% of the deposit or first trust deed mortgage notes with a value of 150% of the deposit as collateral for all municipal deposits. This collateral remains with the institution, but is considered to be held in the Agency's name and places the Agency ahead of general creditors of the institution.

Oversight of the State Treasurer's investment pool (Local Agency Investment Fund) is provided by the Pooled Money Investment Board consisting of the Treasurer, Controller and Director of Finance for the State of California. The Agency's position in the pool is equal to the value of the pool shares. The income from the pooled investments is allocated between the participants based on the daily cash balance maintained.

The Agency mitigates its risk of investment losses as follows:

- Credit risk – This is the risk that an issuer or other counterparty of a security will not fulfill its obligations. The Agency's investment policy allows investing only in investments carrying minimum credit ratings from Standard & Poors and/or Moodys and requires diversifying the investment portfolio.
- Custodial credit risk – This is the risk that in the event a financial institution or counterparty fails, the Agency would not be able to recover the value of its deposits and investments. At June 30, 2009, the Agency's deposits were insured up to \$250,000 by federal depository insurance and the remainder was collateralized by the financial institution's trust department in the Agency's name.
- Interest rate risk – This is the risk of market value declines due to rises in the general level of interest rates. To the extent possible, the maturity dates of the Agency's investments are matched with its expected cash flow needs. Investment maturities at date of purchase can be no longer than 180 days for operating funds and three years for reserve funds.
- Concentration of credit risk – This is the risk of loss attributable to the magnitude of investment with a single issuer. The Agency's investment policy limits investments in any one issuer to 5% of the portfolio except for government agency obligations (35%) and repurchase agreements (25% to 50% depending on the length until maturity).

**ALAMEDA COUNTY CONGESTION MANAGEMENT AGENCY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009**

NOTE 3 – CASH AND INVESTMENTS (continued)

Investments authorized by the Agency's investment policy are:

- United States Treasury Bills and Notes
- Alameda County Investment Pool
- Federal Agency Obligations
- California Local Agency Investment Fund
- Savings Accounts
- Certificates of Deposit
- Money Market Funds
- Medium Term Corporate Notes
- State of California and Local Agency Debt Securities
- Repurchase Agreements

NOTE 4 – CAPITAL ASSETS

Property and equipment costing \$5,000 or more is recorded in the statement of net assets at historical cost. Capital assets are depreciated using the straight line method over the following estimated useful lives: office furniture and equipment, five years; building improvements, remaining term of lease agreement; and automobile, five years.

Capital asset balances at June 30, 2009, and activity during the year were as follows:

	<i><u>Balance</u></i> <i><u>6/30/2008</u></i>	<i><u>Additions</u></i>	<i><u>Balance</u></i> <i><u>6/30/2009</u></i>
Office Furniture/Equipment	\$ 504,103		\$ 504,103
Building Improvements	322,529		322,529
Automobile	35,246		35,246
Subtotal	861,878		861,878
Less Accumulated Depreciation	(261,909)	\$ (137,364)	(399,273)
Net Book Value	<u>\$ 599,969</u>	<u>\$ (137,364)</u>	<u>\$ 462,605</u>

NOTE 5 – EXCHANGE PROGRAM

In May 2000, the Board adopted a Local Funds Exchange Program for the purpose of providing local funds to the Agency for use in projects that either do not have the ability to make use of state or federal funds or would face unacceptable delays and/or cost increases if state or federal funds were used directly.

ALAMEDA COUNTY CONGESTION MANAGEMENT AGENCY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009

NOTE 5 – EXCHANGE PROGRAM (continued)

The Agency has entered into agreements with several local agencies to exchange the Agency's State STIP funds with the other governments' local funding for various transportation projects. The revenues received by the Agency as a result of the exchange are treated for financial reporting purposes as deferred revenue. These deferred revenues are recognized as revenues at the time qualifying expenditures are incurred.

Following is a list of the funds exchanged and received from other governments through June 30, 2009:

AC Transit	\$35,060,514
BART	8,100,000
Berkeley	259,560
Dublin	4,230,000
Fremont	4,477,900
Livermore	3,600,000
MTC	750,000
Union City	<u>9,314,000</u>
Total Exchanged Funds	65,791,974
Total Expenditures Incurred:	
Year ended June 30, 2009	(6,331,248)
Previous years	<u>(37,809,045)</u>
Total Deferred Revenue – Exchange Program	<u>\$ 21,651,681</u>

NOTE 6 - EMPLOYEE RETIREMENT PLAN

Substantially all Agency employees are eligible to participate in the California Public Employees Retirement System (CalPERS), a cost-sharing multiple-employer defined benefit pension plan which acts as a common investment and administrative agent for its participating member employers. CalPERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. The Agency's employees participate in the Miscellaneous Employee Plans. Benefit provisions under the plan are established by State statute and Agency resolution. Benefits are based on years of service, age and final compensation, equal to the average of the employees' highest consecutive 12-month period.

ALAMEDA COUNTY CONGESTION MANAGEMENT AGENCY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009

NOTE 6 - EMPLOYEE RETIREMENT PLAN (continued)

Funding requirements for the plan are determined as of each June 30 on an actuarial basis by CalPERS and the Agency must contribute these amounts. The plan's provisions and benefits in effect at June 30, 2007 (the date of the most recent available actuarial report from CalPERS), are summarized as follows:

Benefit payments	Monthly for life
Retirement age	50
Required employee contribution rate	7%
Required employer contribution rate, year ended June 30, 2009	11.485%
Actuarially required contribution paid, year ended June 30, 2009	\$299,894

CalPERS determines contribution requirements using a modification of the Entry Age Normal Method. Under this method, the Agency's total normal benefit cost for each employee from date of hire to date of retirement is expressed as a level percentage of the related total payroll cost. Normal benefit cost under this method is the level amount the Agency must pay annually to fund an employee's projected retirement benefit. The actuarial assumptions used to compute contribution requirements are also used to compute the pension benefit obligation.

CalPERS uses the 15-year smoothed market method of valuing the plan's assets. An investment rate of return of 7.75% is assumed, including inflation at 3.0%. Annual salary increases are assumed to vary by duration of service. The Agency's unfunded actuarial accrued liability is being amortized as a level percentage of payroll over a closed 20-year period.

The plan's actuarial value (which differs from market value) and funding progress over the past two years are set forth below at their actuarial valuation date of June 30 (dollars in thousands):

<i>Actuarial Valuation Date</i>	<i>Accrued Liability</i>	<i>Value of Assets</i>	<i>Unfunded Liability</i>	<i>Funded Ratio</i>	<i>Covered Payroll</i>	<i>Liability as % of Payroll</i>
June 30, 2005	\$ 579,276	\$ 500,389	\$ 78,888	86.4%	\$ 129,379	61.0%
June 30, 2006	912,989	787,759	125,230	86.3%	200,320	62.5%
June 30, 2007	1,315,454	1,149,247	166,207	87.4%	289,090	57.5%

Audited annual financial statements are available from CalPERS at P.O. Box 942709, Sacramento, CA 94229-2709.

ALAMEDA COUNTY CONGESTION MANAGEMENT AGENCY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009

NOTE 7 – COMMITMENTS AND CONTINGENCIES

Operating Lease

The Agency is obligated under an operating lease through November 30, 2013 for the premises located at 1333 Broadway, Oakland. Minimum rental commitments for each year ending June 30 as follows:

2010	\$ 397,044
2011	437,551
2012	461,494
2013	475,198
2014	121,557

Grants

The Agency participates in a number of state and federal grant programs that are subject to financial and compliance audits by the grantors. Audits of certain grant programs for or including the year ended June 30, 2009, have not yet been conducted or completed. Accordingly, the Agency's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. However, management does not believe that any audit disallowances would have a material effect on the financial position of the Agency.

Construction

The Agency had construction commitments of approximately \$ _____ million as of June 30, 2009.

Funding Agreements

The Agency has entered into agreements with several local governments to provide funding for transportation projects. As of June 30, 2009, the remaining project costs to be paid by the Agency totaled approximately \$ _____ million.

NOTE 8 – INTERFUND ACTIVITY

As of June 30, 2009, the General Fund's interfund liability due to the Exchange Capital Projects Fund in the amount of \$8,685,900 resulted from cash advances. This amount will be repaid from future unrestricted General Fund revenue.

ALAMEDA COUNTY CONGESTION MANAGEMENT AGENCY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009

NOTE 9 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS

UPDATE NOTE 9 AFTER RECEIVING NEW ACTUARIAL REPORT

The Agency participates in the California Employers' Retirement Benefit Trust (CERBT) an agent multiple-employer defined benefit postemployment healthcare plan administered by CalPERS. CERBT provides lifetime healthcare benefits to retired Agency employees and their beneficiaries. The Agency has no eligible retirees as of June 30, 2009. Employees are eligible for benefits if they retire at age 50 or older with five years of eligible CalPERS service.

Benefit provisions are established and may be amended through by the Agency. CERBT issues a publicly available financial report that may be obtained from CalPERS, Lincoln Plaza North, 400 Q Street, Sacramento, CA 93811.

The Agency contributes 75% of the Kaiser self-plus-two-dependents premium rate during fiscal year 2007-08. This percentage will increase each year until it reaches 100% in fiscal year 2013-14. The funding policy is established and may be amended by the Agency. The Agency obtained an actuarial valuation as of July 1, 2007.

The Agency is required to contribute the actuarially determined annual required contribution of the employer (ARC). The ARC represents a level of funding that, if paid on an ongoing basis, is projected to fund the cost of each employee's postemployment healthcare during the years that employee is working. The Agency joined CERBT during fiscal year 2007-08, and it contributed the full actuarially determined accrued liability of \$556,417 plus the 2007-08 ARC of \$85,795. Members receiving benefits contribute \$75 per month for retiree-only coverage and \$150 per month for retiree and spouse coverage to age 65, and \$40 and \$80 per month, respectively, thereafter.

As of July 1, 2007, the most recent actuarial valuation date, the funded status of the Agency's portion of CERBT was as follows:

Actuarial accrued liability (AAL)	\$ 652,181
Actuarial value of plan assets	<u>556,417</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 95,764</u>
Funded ratio (actuarial value of plan assets/AAL)	85.3%

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

**ALAMEDA COUNTY CONGESTION MANAGEMENT AGENCY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2008**

NOTE 9 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

In the actuarial valuation as of July 1, 2007, the entry age normal cost method was used. The actuarial assumptions included a 7.75% investment rate of return; an annual healthcare cost trend rate of 8.5% in fiscal year 2008-09, reduced by .5% each year to an ultimate rate of 5% in the fiscal year 2015-16 and beyond; and a 3.25% annual increase in projected payroll.

**ALAMEDA COUNTY CONGESTION MANAGEMENT AGENCY
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS**

DRAFT

JUNE 30, 2009

	<i>Transportation Fund For Clean Air</i>	<i>Measure B Fund</i>	<i>Total Non-major Governmental Funds</i>
ASSETS			
Restricted Cash and Investments	\$ 2,802,509		\$ 2,802,509
Accounts Receivable	900,000		900,000
Interest Receivable	<u>11,781</u>		<u>11,781</u>
Total Assets	<u><u>\$ 3,714,290</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,714,290</u></u>
 LIABILITIES AND FUND BALANCES			
Liabilities - Accounts Payable	\$ 24,611		\$ 24,611
Fund Balances - Unreserved	<u>3,689,679</u>		<u>3,689,679</u>
Total Liabilities and Fund Balances	<u><u>\$ 3,714,290</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,714,290</u></u>

**ALAMEDA COUNTY CONGESTION MANAGEMENT AGENCY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES -
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2009**

DRAFT

	<i>Transportation Fund For Clean Air</i>	<i>Measure B Fund</i>	<i>Total Non-major Government Funds</i>
REVENUES			
Grants - Bay Area Air Quality Management District	\$ 1,517,095		\$ 1,517,095
Interest	37,747		37,747
Total Revenues	<u>1,554,842</u>		<u>1,554,842</u>
EXPENDITURES - Current:			
Consultants/Contractors		\$ 16,720	16,720
Member Agencies for Projects - TFCA	68,477		68,477
Miscellaneous	90		90
Total Expenditures	<u>68,567</u>	<u>16,720</u>	<u>85,287</u>
Net Change in Fund Balances	1,486,275	(16,720)	1,469,555
Fund Balances, July 1, 2008	2,203,404	16,720	2,220,124
Fund Balances, June 30, 2009	<u>\$ 3,689,679</u>	<u>\$ -</u>	<u>\$ 3,689,679</u>

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

The Board of Directors
Alameda County Congestion Management Agency:

We have audited the basic financial statements of Alameda County Congestion Management Agency (the "Agency") as of and for the year ended June 30, 2009, and have issued our report thereon dated _____, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Agency's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly we do not express an opinion on the effectiveness of the Agency's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Agency's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the Agency's financial statement that is more than inconsequential will not be prevented or detected by the Agency's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material misstatement of the financial statements will not be prevented or detected by the Agency's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS (Continued)***

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*

This report is intended for the information of management, Board of Directors, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

_____, 2009

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH *OMB CIRCULAR A-133***

The Board of Directors
Alameda County Congestion Management Agency:

Compliance

We have audited the compliance of Alameda County Congestion Management Agency (the "Agency") with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2009. The Agency's major federal program is identified in the summary of auditors' results section of the accompanying schedule of auditors' results, findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Agency's management. Our responsibility is to express an opinion on the Agency's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program occurred. An audit includes examining, on a test basis, evidence about the Agency's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Agency's compliance with those requirements.

In our opinion, the Agency complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2009.

Internal Control over Compliance

The management of the Agency is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Agency's internal control over compliance with requirements that could have a direct and material effect on its major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH *OMB CIRCULAR A-133* (Continued)**

effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be a material weaknesses, as defined above.

This report is intended for the information of management, Board of Directors, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

_____, 2009

**ALAMEDA COUNTY CONGESTION MANAGEMENT AGENCY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2009**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
U.S. Department of Transportation – Passed Through California Department of Transportation – Highway Planning and Construction:	20.205	
O&M SP Smart Corridor		\$ 125,624
Grand MacArthur Corridor		217,463
I-880 SB Hov Lane		3,304,689
I-80 Integrated Corridor		1,327,999
I-580 Soundwall		161,656
I-680 SMART		52,552
I-680 Sunol Grade		9,665
I-680 SB Smart Lane		518,536
N-I680 SG Design		459,199
N-I-680 SG Design		<u>549,391</u>
Total expenditures of federal awards		<u><u>\$6,726,774</u></u>

See notes to schedule of expenditures of federal awards.

**ALAMEDA COUNTY CONGESTION MANAGEMENT AGENCY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2009**

NOTE 1 - GENERAL

The schedule of expenditures of federal awards (Schedule) presents the activity of all federal award programs of the Agency. The reporting entity is defined in Note 1 of the Agency's basic financial statements. Because the Schedule presents only the federal award activity of the Agency, it is not intended to and does not present the financial position, changes in financial position or the cash flows of the Agency.

NOTE 2 - BASIS OF ACCOUNTING

The Schedule is presented using the modified accrual basis of accounting. The Agency's revenue from federal awards is passed through the California Department of Transportation (CalTrans) and is reported in the basic financial statements as grant revenue from CalTrans. Expenditures of federal awards are reported in the Agency's statement of activities as consultants & contractors and salaries & benefits expenses for the year ended June 30, 2009.

**ALAMEDA COUNTY CONGESTION MANAGEMENT AGENCY
SCHEDULE OF AUDITORS' RESULTS, FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2009**

(1) Summary of Auditors' Results

- (a) Type of report issued on the financial statements: Unqualified opinion
- (b) Significant deficiencies in internal control over financial reporting disclosed by the audit of the financial statements: None Reported Material Weaknesses: No
- (c) Noncompliance noted which is material to the financial statements: No
- (d) Significant deficiencies in internal control over major programs disclosed: None Reported
Material Weaknesses: No
- (e) Type of report issued on compliance for major programs: Unqualified opinion
- (f) Any audit findings which are required to be reported under Section 510(a) of OMB Circular A-133: No
- (g) Major programs: Highway Planning and Construction (CFDA# 20.205) \$ 6,726,774
- (h) Dollar threshold used to distinguish between Type A and Type B programs: \$300,000
- (i) Auditee qualified as a low-risk auditee under Section 530 of OMB Circular A-133: Yes

(2) Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards*: None

(3) Findings and Questioned Costs Relating to Federal Awards: None

(4) Status of Prior Years Findings: No prior year findings